

AGENDA

RETIREMENT AND INDEPENDENT ENTITIES INTERIM COMMITTEE UTAH LEGISLATURE

Approximate time
frame; chair may
adjust times as
needed

Wednesday, May 8, 2013 • 9:00 a.m. • Room 30 House Building

9:00 1. Committee Business

- Call to order
- Approval of the minutes of the November 14, 2012, meeting

9:05 2. Retirement Systems Overview and 2013 Legislative Update

As provided by Utah Code Title 49, Utah State Retirement and Insurance Benefit Act, Utah Retirement Systems (URS) provides retirement systems for Utah public employees, excluding federal employees. What is Utah Retirement Systems? What were the 2010 Utah retirement reforms? What are the benefits? When can benefits be taken? How is URS funded? What is the funding status of the retirement systems? What contributions are needed? What retirement and independent entities related bills passed this year?

- Benjamin N. Christensen, Policy Analyst, Office of Legislative Research and General Counsel
- Shannon Halverson, Associate General Counsel, Office of Legislative Research and General Counsel

9:30 3. Utah Retirement Systems Mission, Organization, and Trustee Role

The Utah State Retirement Office is established by the Legislature as an independent state agency charged with administering the retirement systems. The Utah State Retirement Trust Fund and Utah State Retirement Board are also established in statute (see Utah Code Sections 49-11-201, 49-11-202, and 49-11-301). What are the duties, structure, and fiduciary role of URS?

- Daniel D. Andersen, Legal Counsel, Utah Retirement Systems

9:45 4. Tier II Utah Retirement Systems Reform – Update

During the 2010 General Session, the Legislature made significant retirement system reforms in response to the 2008 recession. Public employees who initially began employment on or after July 1, 2011, are under new "Tier II" retirement systems with a lower cost to employers and reduced benefit levels. Stricter postretirement reemployment restrictions were also established. What is the status of these reforms? What savings have resulted or are expected? What issues have been resolved and what issues remain for the Tier II systems?

- Robert V. Newman, Executive Director, Utah Retirement Systems

10:00 5. Utah Retirement Systems Actuarial Science and Assumed Rate of Return

Actuarial science is the discipline of assessing risk by applying mathematical and statistical methods, including probability, mathematics, statistics, finance, economics, financial economics, and computer programming. What is the role of an actuary in URS? What does it mean to be actuarially sound? How does Utah compare to other states on benefits and financial solvency? What trends are emerging?

How are contribution rates determined? How is the assumed rate of return determined? How should the state respond to current financial circumstances?

- Daniel J. White, FSA, EA, MAAA, Senior Consultant, Gabriel Roeder Smith & Company

Noon Break for Lunch *(Lunch will be provided for committee members and committee staff)*

1:00 6. Utah Retirement Systems Investment Performance and Processes

Investment revenues are the primary method of funding retirement systems and are vital to maintaining viability. What is the financial status of URS funds? What are the historical and current rates of return? How are the funds invested?

- Bruce H. Cundick, Chief Investment Officer, Utah Retirement Systems

1:45 7. Public Access to Utah Retirement System Records and Meetings – Update

A February 2013 state audit recommended that URS increase public access to its records and meetings (see Audit No. 13-01, A Performance Audit of the Utah Retirement Assumed Investment Rate of Return). How has URS responded to this recommendation? What is planned to address this issue?

- Robert V. Newman, Executive Director, Utah Retirement Systems

2:00 8. Postretirement Employment Restrictions

The 2010 retirement reforms implemented stricter postretirement reemployment restrictions, which include a one-year employment separation requirement after retirement and a prohibition on collecting a retirement allowance while receiving any employer retirement contribution or while earning additional service credit. The concept behind the restrictions is to discourage earlier than normal retirement or at least eliminate incentives to retire earlier than normal. As argued in two legislative audits in 2006 and again in 2009, the retirement fund is adversely affected when employees retire earlier than they otherwise would because retiring earlier decreases the pay-in period to the fund and extends the payout period from the fund. This agenda item is a result of several requests from retirees to ease the postemployment retirement restrictions.

- Benjamin N. Christensen, Policy Analyst, Office of Legislative Research and General Counsel
- Daniel D. Andersen, Legal Counsel, Utah Retirement Systems

2:30 9. Public Employees Health Program (PEHP) Updates

The PEHP was created within URS by the Legislature to provide group health and other coverage for state, local, and public educational institution employees (see Utah Code Section 49-20-105). A representative of PEHP will provide an overview of the program, discuss assigned risk pools, and present new consumer tools available to employees.

- R. Chet Loftis, Group Insurance Director, PEHP

3:30 10. Other Items / Adjourn